

REPUBLIC OF KENYA



THE KENYA NATIONAL ASSEMBLY

TWELVETH PARLIAMENT – SECOND SESSION

THE DEPARTMENTAL COMMITTEE ON ENVIRONMENT & NATURAL
RESOURCES

REPORT ON THE BUDGET IMPLEMENTATION FOR THE FIRST AND SECOND
QUARTER FOR THE FY 2017/18 FOR THE STATE DEPARTMENTS OF:-

VOTE 1105: STATE DEPARTMENT FOR ENVIRONMENT

VOTE 1106: STATE DEPARTMENT FOR NATURAL RESOURCES

VOTE 1103: STATE DEPARTMENT FOR WATER SERVICES

VOTE 1091: MINISTRY OF MINING

DIRECTORATE OF COMMITTEE SERVICES,
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

APRIL 2018

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1.0 PREFACE

1.1 Committee Mandate

The Departmental Committee on Environment and Natural Resources is established under the National Assembly Standing Orders No. 216 (1). The functions and mandate of the Committee are also contained under the National Assembly Standing Orders, No. 216(5) as:-

- a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
- b) Study the program and policy objectives of the Ministries and departments and the effectiveness of the implementation;
- c) Study and review all legislation referred to it;
- d) Study, access and analyze the relative success of the Ministries and Departments as measured by the results obtained as compared with its stated objectives;
- e) Investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
- f) Vet and report on all appointments where the constitution or any law requires the National Assembly to approve, except those under Standing Order 204; and
- g) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

The subject matter of the Departmental Committee on Environment and Natural Resources are stated in the Second Schedule of the National Assembly Standing Orders No. 216 (f) as follows: climate change, environment management and conservation, forestry, water resource management, wildlife, mining and natural resources, pollution and waste management.

1.2 Oversight

In executing its mandate, the Committee oversees the following Government Ministries and Departments namely:-

- i. The State department for Water Services;
- ii. The State Department of Environment;
- iii. The State Department for Natural Resources; and
- iv. The Ministry of Mining

1.3 Members of the Committee

The Committee comprises the following Members:

1. **The Hon. Japhet M. Kareke Mbiuki, MP – Chairperson**
2. **The Hon. Sophia Abdi Noor, MP – Vice-Chairperson**

3. The Hon. Ali Wario Guyo, M.P.
4. The Hon. Amin Deddy Mohamed Ali, M.P.
5. The Hon. Beatrice Cheroni Kones, M.P.
6. The Hon. Benjamin Dalu Tayari, MP.
7. The Hon. Benjamin Jomo Washiali, M.P.
8. The Hon. Charity Kathambi Chepkwony, M.P
9. The Hon. Charles Ong'ondo Were, M.P.
10. The Hon. David Kangogo Bowen, M.P.
11. The Hon. Francis Chachu Ganya, M.P.
12. The Hon. Hassan Oda Hulufu, M.P.
13. The Hon. Hilary Kiplang'at Kosgei, M.P.
14. The Hon. Nasri Sahal Ibrahim, M.P.
15. The Hon. Peter Kimari Kihara, M.P
16. The Hon. Paul Musyimi Nzengu, M.P.
17. The Hon. Rehema Hassan, M.P.
18. The Hon. Rossa Buyu. M.P.
19. The Hon. Said Hiribae, M.P.

1.4 Secretariat

The Committee is serviced by the following Members of Staff:

Ms. Esther Nginyo	Clerk Assistant II
Mr. Dennis Mogare	Clerk Assistant III
Ms. Amran Mursal	Fiscal Analyst III
Mr. Salem Lorot	Legal Counsel II
Ms. Winnie Kulei	Research Officer III

1.5 Consideration of the Budget Implementation

During the Committee's induction workshop held in Mombasa from 25th – 28th January, 2018, the Committee while adopting its workplan for the half year January to June, 2018 resolved to be meeting with the Ministries, departments and agencies under its purview to track their budget implementation on a quarterly basis. Pursuant to its resolution, the Committee held a retreat at the Boma Inn Hotel in Nairobi where it met with the Ministry of Mining, Ministry of Environment and Forestry, State Department of Wildlife and State Department of Water Services to deliberate on their budget implementation for the first and second quarter of the FY 2017/2018 on 23rd -24th February, 2018.

1.6 Committee Observations and Recommendations

The Committee having received submissions from the Ministries and State Departments and further deliberated on the MDAs budget implementation for the first and second quarter of the FY 2017/2018, observed the following, that:

The low budgetary absorption capacity for the ministries and departments was as a result of delayed exchequer releases, budgetary cuts due to austerity measures, lack of government commitment on counterpart funding, delays in procurement processes and inadequate funding for monitoring and evaluation on recurrent expenditure which hampered projects completion.

The Committee therefore recommended as follows, that:

- i. There was need to have proper prioritization of project and ensure their implementation is fully done before introducing other new projects. This would ensure that projects are completed within the stipulated time as opposed to so many unfinished projects scattered across the country. National Treasury should also be keen on disbursing regular exchequer for projects on timely basis. This would ensure that there are no variation costs on overstayed projects.
- ii. There was need for the National Treasury to take stock of all the on-going projects and their status in a bid for proper planning in exchequer releases and to ensure that these projects are completed before embarking on new projects.
- iii. The government should honor the counterpart funding to ensure that the donor funded projects are not stalled for delayed counterpart funding.
- iv. Projects monitoring and evaluation funds should be provided for in the project vote so as to ensure project progress is properly monitored. The funds should be tied to project managers performance and deliverables.
- v. Under austerity measures, the government should ensure that budget cuts are not implemented on development projects to ensure that they are completed within the stipulated timelines.
- vi. Although KFS was expected to collect Appropriation in Aid from the forest plantation, there was need for the government to reconsider financing it adequately for the Service to effectively deliver on its mandate of forest management and conservation. This will assist in mitigation of climate change and ensure the achievement of 'Big Four Agenda' of the government.
- vii. There is need for the ministries and state departments to ensure equity in project distribution across the country.

1.7 Acknowledgements

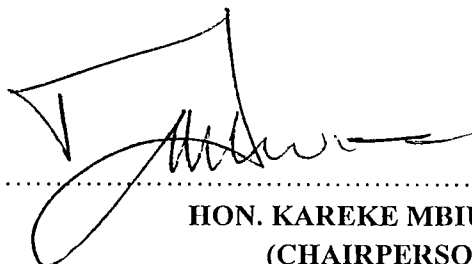
The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the

National Assembly for the support extended to it in the execution of its mandate.

I take this opportunity to thank all the Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules which enabled us to complete the tasks within the stipulated period.

The Committee wishes to record its appreciation for the services rendered by the staff of the National Assembly attached to the Committee. Their efforts made the work of the Committee and the production of this Report possible.

Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Environment and Natural Resources, to present to the House this Report Budget Implementation for the First and Second Quarter of the FY 2017/2018 pursuant to the provisions of section 39(8) of the Public Finance Management Act (PFM Act) and Standing Order 216 (5)(b).



SIGNED

HON. KAREKE MBIUKI, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES

DATE..... 18/04/2018

2.0 CONSIDERATION OF THE BUDGET IMPLEMENTATION FOR THE FIRST AND SECOND QUARTER.

The Departmental Committee on Environment and Natural Resources is established pursuant to Standing Order 216 to inter *alia* 'study the programme and policy objectives of the ministries and departments and the effectiveness of the implementation'.

During the Committee's induction workshop held in Mombasa from 25th – 28th January, 2018, the Committee while adopting its workplan for the half year January to June, 2018 resolved to be meeting with the Ministries, departments and agencies under its purview to track their budget implementation on a quarterly basis. Pursuant to its resolution and its mandate, the Committee held a retreat in Nairobi in which it met with the Ministry of Mining, Ministry of Environment and Forestry, State Department of Wildlife and State Department of Water Services to deliberate on their budget implementation for the first and second quarter of the FY 2017/2018 on 23rd -24th February, 2018.

The objective of the meeting was to assess effectiveness of the programs by Ministries, Departments and Agencies against the resources allocated to them for the First and second quarters of the FY 2017/2018.

2.1 Ministry of Mining

The Principal Secretary, State Department of Mining, Dr. Mohamed Ibrahim appeared before the Committee on 23rd February, 2018 and informed it that:

1. The overall budget absorption for the ministry as at 30th December, 2017 was 63% based on half year allocation with a budget utilization of Kshs. 500,206,490 in both the Recurrent and development vote and at 31% based on financial year allocation of Kshs. 1,582,094,262 from the exchequer (G.O.K).
2. The Recurrent vote utilization rate as per the economic items at 30th December, 2017 was at 68% based on half year budget allocation and at 29% based on financial year allocation thus translating to Kshs. 1,273,594,262 and Kshs. 430, 192,590 respectively.
3. The Development vote utilization rate as per the economic items at 30th December, 2017 was at 43% based on half year budget allocation and at 22% based on financial year allocation thus translating to Kshs. 308, 500,000 and Kshs. 70,013,900 respectively.
4. The reasons for the low absorption rates in both the recurrent and the development budget were:
 - i) Late activation of the IFMIS system in respect to the FY 2017/18 i.e mid-September 2017;
 - ii) Delays in approval and uploading of the 2017/18 Development budget in the IFMIS System as well as other systemic challenges e.g definition of the e-procurement end users in the system;

- iii) Unpredictability of budget estimates e.g budget cuts in supplementary estimates including austerity measures;
- iv) Late submissions/delivery of invoices by the suppliers and merchants;
- v) Delay in release of exchequer (liquidity).

2.2 Meeting The State Department Of Environment and Forestry

The Principal Secretary, Mr. Charles Sunkuli appeared before the Committee on 23rd February, 2018 and informed it that the Project Implementation Status As 31st December FY 2017/2018 was as per the table illustrated below:

Development Expenditure Performance for Q1 and Q2

PROJECT CODE & PROJECT TITLE	Estimated cost of Project or contract value (a)	Financing		Timeline		Actual cumulative expenditure to 30th June 2017 (b)	Outstanding Project Cost as at 30 th June 2017 (a)-(b)	Allocation for 2017/18 Budget		Revised Estimates FY 2017/2018		Actual Expenditure for Q1 & Q2	Status of the project completion %	REMARKS
		Foreign	GoK	Start Date	Expected completion date			Foreign	GoK	Foreign	GoK			
	KShs millions					KShs millions		KShs millions						
Medical Waste and Hazardous Project	2,500	1,600	900	11-07-15	30-06-19	1,451	1,049		200	-	13	62	58	On going
Mercury Initial Actions for Kenya	22	18	4	28/3/2014	31/9/2016	11	11	-	1	0.25		0.155	51	
Phasing out Ozone Depleting Substance Project Operationalized	40	35	5	01-01-16	Continuous	2	38	15	2	15	0.5	4	30	
Support to Kenya for the Revision of the NBSAPs and Development	44	30	14	07-01-15	07-01-17	9	35	30	5	30	1	7	34	
1105102500 Sound Chemicals Management Mainstream	492	451	41	07-01-16	07-01-21	30	462	70	3	70	0.75	22	11	

PROJECT CODE & PROJECT TITLE	Estimated cost of Project or contract value (a)	Financing		Timeline		Actual cumulative expenditure to 30th June 2017 (b)	Outstanding Project Cost as at 30th June 2017 (a)-(b)	Allocation for 2017/18 Budget		Revised Estimates FY 2017/2018		Actual Expenditure for Q1 & Q2	Status of the project completion %	REMARKS
		Foreign	GoK	Start Date	Expected completion date			Foreign	GoK	Foreign	GoK			
	KShs millions					KShs millions		KShs millions						
ng & UPOPs Reduction in Kenya														
1105102400 Imarisha Lake Naivasha Catchment Management in Kenya	2,000	1,300	700	2011/12	2021/22	176	1,824		70	0	18	16	8	
Lake Victoria Environmental Management Project Phase II	4,200	3,800	400	May 2009	Dec 2017	3,200	1,000	613	26	613	13	241	82	
Nairobi River Rehabilitation and Restoration Programme	4,000		4,000	07-01-09	30/06/2020	1,907	2,093	0	60	0	20	17	49	On going
Urban Rivers Rehabilitation Project	2,000		2,000	2011	2030	448	1,552	0	188	0	91	70	26	
Suswa Lake Magadi - Migori Environment Restoration Project	4,000		4,000	20/07/2017	25/07/2020	0	4,000	0	40	0	10	5	1	
NETFUND Green Innovation Awards	463	288	175	Nov-15	Dec-19	170	293	61	40	61	10	10	38	
Supporting the implementation	64	56	8	Jun-16	Dec-18	2	62	56	0	0	0	0	3	New project

PROJECT CODE & PROJECT TITLE	Estimated cost of Project or contract value (a)	Financing		Timeline		Actual cumulative expenditure to 30th June 2017 (b)	Outstanding Project Cost as at 30 th June 2017 (a)-(b)	Allocation for 2017/18 Budget		Revised Estimates FY 2017/2018		Actual Expenditure for Q1 & Q2	Status of the project completion %	REMARKS
		Foreign	GoK	Start Date	Expected completion date			Foreign	GoK	Foreign	GoK			
KShs millions						KShs millions	KShs millions							
on of Kenya's National Green Economy Strategy through the development of Low carbon Projects and Resource Mobilization														
Centres of Excellence and Innovation	423		45	2016/17	June 2018	18	405	0	45	0	11	8	9	
Integrated Programme to build resilience to climate change & adaptive capacity of vulnerable communities in Kenya	999	999	Nil	2015/16	2018/19	295	704	437	Nil	437	0	201	50	On going
Green Growth and Employment Programme	660	600	60	2016/17	2020/21	73	587	140	32	140	6	80	23	
Establishment of National Environment Laboratory	160	Nil	160	2017/18	2020/21	Nil	Nil	Nil	10	0	3	0	0	On going
1105101000 Purchase of Digital Equipment	980	-	980	2014/15	2019/20	233.0	747	-	201.3	0	50	50	29	

PROJECT CODE & PROJECT TITLE	Estimated cost of Project or contract value (a)	Financing		Timeline		Actual cumulative expenditure to 30th June 2017 (b)	Outstanding Project Cost as at 30th June 2017 (a)-(b)	Allocation for 2017/18 Budget		Revised Estimates FY 2017/2018		Actual Expenditure for Q1 & Q2	Status of the project completion %	REMARKS
		Foreign	GoK	Start Date	Expected completion date			Foreign	GoK	Foreign	GoK			
	KShs millions					KShs millions		KShs millions						
1105101100 Upper Wind Observation	340	-	340	2014/15	2018/19	43.5	296.5	-	87.0	0	22	22	19	
1105101200 High Performance Computing	1,144		1,144	2014/15	2018/19	380.0	764	-	100.0	0	25	25	35	
1105101300 Climate Database Management System	301	-	301	2014/15	2016/17	161.0	140	-	48.0	0	12	12	57	
1105101400 Tidal Gauges Network	240	-	240	2015/16	2019/20	10.0	230	-	20.0	0	5	5	6	
1105101500 Acquisition of CAT 3 Airport Weather Observing System (AWOS) – Phase III	780	-	780	2014/15	2018/19	180.0	600	-	200.0	0	50	50	29	
1105101600 Acquisition of CAT 3 Automatic Weather Stations (AWS) - Phase IV	735	-	735	2015/16	2017/18	120.0	615	-	50.0	0	13	12	18	
1105101700 Integrated Hydro-Meteorological Information & Decision Support	475	-	475	2015/16	2019/20	20.0	455	-	40.0	-	10	10	6	On going

PROJECT CODE & PROJECT TITLE	Estimated cost of Project or contract value (a)	Financing		Timeline		Actual cumulative expenditure to 30th June 2017 (b)	Outstanding Project Cost as at 30th June 2017 (a)-(b)	Allocation for 2017/18 Budget		Revised Estimates FY 2017/2018		Actual Expenditure for Q1 & Q2	Status of the project completion %	REMARKS
		Foreign	GoK	Start Date	Expected completion date			Foreign	GoK	Foreign	GoK			
	KShs millions					KShs millions		KShs millions						
System														
1105101800 Weather Radar Surveillance Network	1,500	-	1,500	2015/16	2019/20	35.0	1465	-	100	-	25	25	4	
1105101900 RANET-Kenya Community Radio (PHASE III)	1,424	-	1424	2014/15	2019/20	256.0	1,168	-	234	-	59	59	22	
1105102600 Urban Pollution Monitoring Station Network	620	-	620	2014/15	2019/20	50	570	-	20	0	5	5	9	
Total	30,606	9,177	21,429			9,281	21,166	1,522	1,825	1,366	473	1,018		

Recurrent Performance Review For Q1 And Q2

S/No.	BUDGET VOTE HEADS	PRINTED ESTIMATES (MILLIONS)	REVISED ESTIMATES	ACTUAL EXPENDITURE AS 31 ST DEC	REMARKS
	<u>GENERAL ADMINISTRATION AND PLANNING SERVICES</u>				
1.	1105000100 Headquarters Administrative Services	297	267	118	Expenditure absorption on some items is above 100%
2.	1105000200 Financial	50	44	46	

S/No.	BUDGET VOTE HEADS	PRINTED ESTIMATES (MILLIONS)	REVISED ESTIMATES	ACTUAL EXPENDITURE AS 31 ST DEC	REMARKS
	Environment Management Authority (NEMA)				are current transfer to Nema.
6.	1105000600 National Environmental Complaints Committee (NECC)	100	100	50	These funds are current transfer to NEEC
7.	1105000800 National Environmental Trust Fund (NETFUND)	138	138	69	These funds are current transfer to NETFUND
Sub-Total for the Sub-Programmes		1355	1,334	719	
	1105000700 Metrological Department	1,096	1,061	524	The funds for 1 st and 2 nd Quarter were adversely affected by budget cuts.
Sub-Total for the Sub-Programmes		1,096	1,061	524	
Grand Total		2,817	2,723	1,415	

2.3 Meeting With the State Department of Natural Resources

The Principal Secretary, State Department of Natural Resources, Dr. Margaret Mwakima appeared before the Committee on 24th February, 2018 and informed it that:

1. The absorption rate for recurrent expenditure as at 1st half of the FY was 50% while that of development expenditure stood at 43% against a target of 50%.
2. The absorption rate for compensation to employees was at 41% against a target of 50% which was attributed to delays in recruitment of 7 officers under the directorate of conservation as well as recruitments of interns.

3. The use of goods and services component of recurrent expenditure had an absorption rate of 29% against 50%. She informed the committee that the procurement process was ongoing.
4. That under the development budget, 50% absorption rate was not realized due to low exchequer disbursements.
5. Inadequate release of exchequer, unfavorable weather conditions and austerity measures were some of the challenges impeding budget implementation.
6. Key areas that require urgent funding under the State Department include:
 - a) Salaries and Remuneration Commission (SRC) categorization, staff annual increment and medical scheme- KWS requires **Ksh.480M** to implement this;
 - b) A shortfall of **Ksh.300 million** for ranger houses construction and maintenance;
 - c) Counter funding of the AFD of **Ksh.66 million**
 - d) Implementation of the Presidential directives:
 - i) Solving of Boundary Disputes between Kenya Wildlife Service (KWS) and local communities neighboring Tsavo conservation area. It was estimated to cost **Ksh. 96 million;**
 - ii) Human Wildlife Conflict Mitigation in Taita-Taveta County. It was estimated to cost **Ksh. 200Million;**
 - iii) Human Wildlife Conflict Mitigation in Kajiado County. It was estimated to cost **Ksh. 250Million;**
 - iv) Human Wildlife compensation claims and Operationalization of County Wildlife Conservation and Compensation Committees (CWCCCs)- The outstanding claims payable to human wildlife victims amounting to **Ksh.6 Billion**.
 - e) Recruitment of 900 wildlife rangers and 100 management trainees at estimated cost of **Ksh. 1.5 Billion**
 - f) Establishment of compensation scheme for the victims of human wildlife conflict. It was estimated to cost **Ksh. 2 Billion** every financial year;
 - g) Operationalization of Wildlife Research Institute- The Wildlife Conservation and Management Act, 2013 had established Wildlife Research Training Institute that needs to be operationalized. It is estimated to cost **Ksh.500 Million**.
 - h) Facilitation of County Wildlife Conservation and Compensation Committees (CWCCCs). A conservative budget of **Ksh. 45 million** was required to facilitate execution of their mandate and functions as provided for in the Wildlife Act, 2013;
 - i) Construction of Roads in National Parks and Forestry Reserves amounting to **Ksh. 288 million;**
 - j) Construction and maintenance of game-proof barriers in KWS Parks and Reserves amounting to **Ksh. 500 million;**

2.4 Meeting With State Department for National Water Services

The Principal Secretary, State Department for National Water Services, Prof. Fred Segor, CBS appeared before the Committee on 24th February, 2018 and informed it that:

1. During the Financial Year 2017/18, the Ministry was implementing the following three (3) programmes in order to achieve its mandate;
 - General Administration, Planning and Support Services
 - Water Resources Management
 - Water and Sewerage Infrastructure Development
2. Under the General Administration, Planning and Support Services Programme the State Department planned the following activities;
 - 6 policies/ bills and plans were to be developed, finalized and operationalized.
 - Operationalization of the Water Act 2016 was on going. The process for the development National Water Sector transition plan, Subsidiary legislation and reforms, Communication and staff inductions had been initiated.
 - Trans-boundary Water Policy 2016 was being finalized.
 - Draft National Water Policy 2016 had been developed and was ready for stakeholders' consultations.
 - KEWI Act 2001 was being reviewed and a draft zero was in place.
 - National Water Harvesting Storage Authority transition report had been developed.
3. Under the Water Resources Management Programme the State Department planned the following activities:
 - Groundwater water resources map were to be developed. Evaluation of the Consultancies was in progress. Tender were to be awarded by end of February 2018.
 - 4 Hydro meteorological network were to be installed. Surveying of 4 sites completed, stations were to be installed.
 - 10 exploratory boreholes drilled in Turkana, Marsabit and Garissa aquifers. 9 Sites had been identified for drilling. Procurement of contractors was on going.
 - 30 water abstraction and pollution surveys were undertaken to aid in effluent discharge control and equitable water allocations. Consultations were ongoing together with UMANDE Trust to construct eco san toilets in informal settlements
 - A joint technical team between Kenya and Ethiopia was to be established for the project on sustainable development and management of L. Turkana and its river basins
4. Under the Water and Sewerage Infrastructure Programme, the State Department had some of the planned projects which included;

- Siyoi-Muruny dam: cumulative 35.2% of works had been completed against a target of 40%. There were delays in payment due to low budgetary provision.
 - 12% of Itare dam water project had been implemented against a target of 20%. There was delay in approval of financing agreement
 - 41.57 kms of flood control structures/ dykes constructed against target of 40.1 kms.
5. During the first half of the Financial Year the State Department received exchequer amounting to Kshs 5.453billion being Kshs. 1.054billion for Recurrent budget and Kshs. 4.399 billion for Development budget.
 6. The State Department was allocated Kshs. 4,017 million for recurrent expenditure out of which Kshs. 2,141 million was AIA and Kshs. 1,876 million was net allocation.
 7. During Supplementary 1 Estimates an additional budget of Kshs. 387 million was approved, of which Kshs.176 million was for drought mitigation and a further Kshs. 285 million to address shortfall in PE budget for National water Conservation and Pipeline.
 8. During the same period, the National Treasury rationalised and effected the budget cuts across all government Ministries by 75%. This translated to Kshs.74 Million reduction in recurrent expenditure on the use of goods and services.
 9. Challenges in budget implementation include:
 - i) The delays in timely release of the exchequer: This delayed implementation of projects and was likely to result to accumulation of Pending Bills.
 - ii) Budget cuts and rationalization by the National Treasury: experienced midstream during the implementation period disorganized the Ministry's annual work plan and affected project implementation outputs.
 - iii) Rigidity of ceilings for the Donor funded projects; any growth had to be justified. Requests for additional funding took long before approval resulting in delays in the implementation of projects.
 - iv) Inadequate counter-part funding; The GOK commitment to counterpart funding for donor supported projects was in adequate.
 - v) Low provision of the recurrent budget: Recurrent to Development allocation ratio was 11.9% to 88.1%. This low provision of recurrent budget affects project implementation, supervision, project, Monitoring & Evaluation and failure to meet the annual subscriptions to international agencies and organizations.
 10. The department recommended as follows:
 - i) Provide adequate funding to fully operationalize Water Act 2016 (new institutions with new mandates).
 - ii) Provide adequate funding for land compensation to avoid unnecessary delays in projects implementation.
 - iii) Allow for higher allocations in Donor funded projects to avoid unnecessary delays.
 - iv) Increase the allocation for recurrent budget to allow for M&E.

- v) Increase the allocation of GOK counterpart funding to be in line with the commitments.

3.0 COMMITTEE OBSERVATIONS

The Committee made the following observations, that:

3.1 Ministry of Mining

There was generally low absorption rate in the ministry mainly due to delays in approval and uploading of the 2017/18 Development budget in the IFMIS System, procurement process, and exchequer releases which greatly affected the ministry's project implementation.

3.2 Ministry of Environment and Forestry

There was a reasonable absorption capacity for the recurrent budget allocation which was registering a 100% absorption rate for the half year. However, on the part of development vote, the absorption rate was much lower and the project completion rate was noted to be very low and dragging for a longer period over and above the expected date of completion. This was mainly due to low annual funding and austerity measures.

3.3 State Department of Natural Resources

1. The absorption capacity of the State Department was greatly hampered by inadequate release of exchequer, unfavorable weather conditions and austerity measures and delays in procurement processes.
2. There was capacity building for sustainable forest management project in which Kshs. 470 million was financed by donors while Kshs. 20 million was financed by GOK. It was confirmed that the project was being undertaken in 5 components, in which the Ministry was carrying out 1 component, while KFS and KEFRI were undertaking two components each. The component by KFS was to support work on reference levels. KEFRI on the other hand dealt with breeding for drought tolerant species such as Acacia.
3. KFS was established in 2007 and during that year, the agency collected Kshs. 200 million. In the FY 2017/2018 the A-I-A expected to be collected was Kshs. 3.3 billion. 90% of this revenue was from forest plantations (Cyperus, pine and eucalyptus).

3.4 State Department of Water Resources

1. The State Department absorption capacity was hampered by delayed exchequer releases, budgetary cuts due to austerity measures, lack of government commitment to counterpart funding, rigidity and bureaucracy in donor funding, lack of Monitoring and Evaluation funds for project monitoring which greatly hampered the department's performance.
2. The State Departments focused on provision of more water and sanitation services to towns and urban areas rather than rural areas, in which the Members noted that such

focus encouraged rural urban migration. However, the Principal Secretary clarified that water was a shared function between the county and national government and the County government filled the gaps in the National government programmes. However the county governments need capacity to meet the water needs.

3. The State Department should invest in research and management of water resources rather than the huge investments in digging of dams. The Principal Secretary responded that the Water Resources Research Institute was being established and was almost complete.
4. Members were concerned with the level of equity applied in developing water infrastructure; the Ministry assured the Members that for new projects/programmes that were to be started, consideration would be done to ensure equity.
5. There was need for rainwater harvesting to avoid situations like in the past where rain water would go to waste. The Principal Secretary informed the Members that in the next 5 years the government was prioritising to build 57 dams.

4.0 COMMITTEE RECOMMENDATIONS

The Committee having deliberated with the ministries and state departments on the budget implementation for the first and second quarter of the FY 2017/2018 recommended as follows, that;

- i. There was need to have proper prioritization of project and ensure their implementation is fully done before introducing other new projects. This would ensure that projects are completed within the stipulated time as opposed to so many unfinished projects scattered across the country. National Treasury should also be keen on disbursing regular exchequer for projects on timely basis. This would ensure that there are no variation costs on overstayed projects.
- ii. There was need for the National Treasury to take stock of all the on-going projects and their status in a bid for proper planning in exchequer releases and to ensure that these projects are completed before embarking on new projects.
- iii. The government should honor the counterpart funding to ensure that the donor funded projects are not stalled for delayed counterpart funding.
- iv. Projects monitoring and evaluation funds should be provided for in the project vote so as to ensure project progress is properly monitored. The funds should be tied to project managers' performance and deliverables.
- v. Under austerity measures, the government should ensure that budget cuts are not implemented on development projects to ensure that they are completed within the stipulated timelines.
- vi. Although KFS was expected to collect Appropriation in Aid from the forest plantation, there was need for the government to reconsider financing it adequately for the Service to effectively deliver on its mandate of forest management and

conservation. This will assist in mitigation of climate change and ensure the achievement of 'Big Four Agenda' of the government.

- vii. On the issue of project allocation, there is need for the ministries and department to ensure there is equity in project distribution across the country.